

Collective Request for Congressional Oversight: Systemic Retaliation and Governance Failure at the Minnesota Department of Human Services (DHS)

We write as Minnesota public servants—many of whom entered public service out of deep commitment to community, equality, and ethical stewardship of public resources. This submission comes from people who have agonized over the current situation, not out of bitterness, but out of grief, moral injury, and concern for the communities we serve.

It also comes from people who desperately want to speak directly to the Oversight Committee in Congress with our voices heard aloud but as public servants under Tim Walz's administration, we are acutely aware of the enormous harm that could come to us should we ever become exposed as whistleblowers.

For years, we could see this situation coming. We raised concerns about fraud early on. We tried—repeatedly and in good faith—to prevent harm to our colleagues, to vulnerable Minnesotans, and to the integrity of public institutions. We documented risks, escalated warnings, and offered solutions. Those warnings were ignored, dismissed, or met with retaliation.

What follows is a collective but not exhaustive record of systemic failures at DHS. It is written by public servants who are current staff, those who stayed longer than was safe, and includes others who left only when remaining would have required silence in the face of harm. We submit this record not for retribution, but for accountability, learning, and prevention.

Purpose of Submission

We submit this document to request independent Congressional oversight and investigation into serious and systemic failures at DHS, including:

- Retaliation against whistleblowers and ethical dissenters
- Suppression of concerns raised in good faith
- Abuse, misuse, falsification of data and reporting
- Surveillance and misuse of investigative authority
- Abuse of audit and compliance functions
- Mismanagement of public funds
- Expansion of administrative power without accountability
- Ethical collapse of internal accountability systems
- Dishonesty to legislature, federal grantors, external investigators and others

This is not an HR dispute. It is a governance failure with statewide and federal implications.

Background and Early Warnings (2019–2025)

Beginning in 2019 and continuing through 2025, employees across DHS—particularly within the Behavioral Health Administration—raised repeated concerns regarding:

- Contracting irregularities that demonstrated clear violations of state regulations
- Evidence of programmatic violations and significant possibilities for fraud
- New programs being created without sufficient administration, resources, and safeguards
- Unusual financial transactions and movement of funds
- Missed federal deadlines and compliance failures
- Abuse of Work-Out-of-Class (WOOC) appointments
- Appointment of unqualified individuals to senior leadership roles
- Retaliation following protected disclosures

These concerns were raised internally to leadership, Human Resources, Internal Audits, and the Commissioner. When internal systems failed, concerns were escalated to the Governor's Office and external oversight bodies including the Office of the Legislative Auditor.

Ultimately, despite our early warnings, future events will show that the programs where early concerns were raised—are now some of the most severely affected by fraud.

Explicit Suppression of Dissent by Executive Leadership

Numerous employees have reported that executive leadership explicitly stated that they did not want to hear concerns regarding certain protected senior leaders in charge of high-risk programs. This message was communicated directly and indirectly and was widely understood across the workforce.

This was vividly displayed in February 2023 when Jodi Harpstead came to an all-staff meeting to tell hundreds of staff to stop reporting concerns that she did not feel were relevant—framing staff concerns as creating an unhealthy work environment. In-person meetings were similarly met with leadership walking out of meetings prematurely when concerns about fraud were raised. In particular, when major concerns were raised by staff and concerned leaders about Eric Grumdahl and the Housing Stabilization Services (HSS) program, Jodi reacted with dismissiveness and open hostility with no opportunity for dialogue.

The effect was clear:

- Accountability channels were effectively closed
- Employees learned that raising concerns about certain leaders was unsafe
- Loyalty and image protection replaced merit-based governance
- Staff who reported concerns were identified and subsequently subject to investigations

Structural Reorganization to Shield Favored Leaders

In response to mounting fraud concerns, DHS leadership created new divisions and reorganized functions in ways that employees experienced as insulating favored leaders

from scrutiny rather than improving outcomes.

One prominent example involved the creation of a major new program area with limited readiness and oversight called the Homelessness, Housing and Supports Services Administration (HHSSA) which administered the Housing Stabilization Services (HSS) program. Subsequent public reporting and audits later revealed widespread program failures, financial losses, and harm to vulnerable Minnesotans—outcomes that employees had warned about in advance.

Retaliation Through Dual Mechanisms: Hard Retaliation and Soft Containment

Employees who raised concerns experienced retaliation through two primary mechanisms:

Hard retaliation included:

- Targeted and repeated investigations with vague or shifting scopes—designed to break employees (some employees were investigated up to 11 times)
- Surveillance including use of monitoring of emails, chats, communications, and mobile devices beyond stated data retention policies
- Repeated intrusive questioning about anonymous speech or social media activity
- Threats to career, insurance status, families, homes and insinuated threats to life
- Probation extensions, adverse actions, and eventual terminations

Soft containment included:

- Abrupt reassignments away from sensitive work
- Lateral moves framed as neutral or positive
- Out-of-turn promotions that removed employees from proximity to the issues they raised
- False accusations from managers portrayed as banter yet are realistically veiled threats

Both approaches produced the same outcome: silencing dissent and deterring future disclosures.

Select quotes that alarmed whistleblowers

“Think about your home if you lose your job.”

“We need information on where your kids go to school and their bus stops.” (Implying that another employee was threatening them)

“You will never get another state job.” (Which did occur as the employee left the state)

“Jane Doe (name redacted; identified as a whistleblower) is a sinking ship. Do not associate with them or your career will be finished.”

“We are concerned about your mental health. You should consider seeking Employee Assistance Program options.” (When raising concerns about fraud)

"You are deliberately holding up work on this program. Is there a racial animus behind it?"
(When raising concern about EIDBI)

"You appear to be holding back these contracts because they are going to diverse communities. It isn't a good look."

Escalation From Qualification Questions to Surveillance

In numerous instances, employees raised legitimate questions about leadership qualifications, program integrity issues leading to potential fraud, and contract/grant mismanagement.

Rather than addressing these concerns through dialogue, transparent review or documentation, leadership responses escalated toward identifying and monitoring critics. Internal communications described tracking IP addresses, maintaining records of critics, and contemplating external intelligence resources—actions that employees experienced as deeply intimidating.

Investigations on employees revealed that DHS did keyword searches on employee Microsoft Teams chats, emails, mobile device communications and others to identify anyone who mentioned words such as "fraud," "double-billing," "underspending," "overpayments," "unqualified leadership," "Medicaid fraud," "AMHI," "contract mismanagement," and other similar words that indicated that DHS was trying to identify who was concerned about fraud.

Consequent retaliatory actions led to the silencing of concerned employees. Groups of employees were herded into vague investigations, interrogated for hours on why they were concerned about fraud and threatened with a wide range of retaliatory actions. Employees under these investigations were threatened not to record or document these investigations. Moreover, it was revealed that chats and emails going back 3-4 years were used to interrogate staff. And this raised questions as for whether DHS has been dishonest to law courts or legislature when the agency claims to have an email retention period of 1 year but realistically, appears to retain electronic documents in all perpetuity.

The message was unmistakable: questions triggered surveillance, not clarification nor improved operations.

Collective Employee Notice to Leadership (January 2023)

In January 2023, concerned Department of Human Services employees submitted a written communication to DHS leadership, Human Resources, Internal Audits, and oversight contacts.

This collective notice raised concerns about:

- Potential programmatic abuse and fraud
- Identified areas of lapses in contract/grant management

- Abuse of WOOC appointments without posting
- Extension of senior roles without competitive process
- Use of taxpayer dollars to fund senior salaries without transparency
- A toxic culture driven by protected leadership

Despite this written notice, no transparent HR response was provided, contracting irregularities continued, programmatic mismanagement leading to fraud went unaddressed, WOOC extensions continued, and employees associated with these concerns later experienced investigations or exit pressure.

This confirms leadership was on notice yet chose not to act.

Misuse of Employee Culture Frameworks and Administrative Expansion

Following public reporting on a toxic and hostile work environment at DHS, leadership publicly committed to improving employee work culture.

Internally, employees experienced this moment as one of administrative expansion rather than accountability:

- Multiple layers of employee culture leadership were created
- Millions of dollars were spent on conferences, convenings, and culture initiatives
- Individuals closely aligned with executive leadership were elevated

Employees reported that harassment and retaliation persisted within these structures, including reports of inappropriate conduct by senior employee culture leaders, without meaningful investigation or corrective action.

Rather than protecting employees, employee culture changes were experienced as a shield against scrutiny. The employee culture infrastructure largely dissolved alongside executive leadership transition, without transparent accounting of funds or outcomes.

Internal Audits as an Alleged Tool of Surveillance and Retaliation

Across multiple years, Internal Audits was experienced not as a neutral compliance safeguard, but as a pressure and surveillance mechanism.

Employees documented:

- Investigations initiated based on hostile or bad-faith complaints
- Failure to assure witness safety during interviews
- False accusations that distorted the truth regardless of the actual evidence presented
- Lack of transparency to subjects of investigations
- Public release of audit reports without opportunity for response
- Failure to audit senior leadership decisions involving program integrity issues

These practices reinforced fear, chilled reporting, and undermined trust in oversight functions.

Ethical Exits and Workforce Impact

When retaliation, containment, and surveillance made ethical practice impossible, many public servants chose to leave DHS.

Exit feedback consistently reflected:

- Loss of faith that DHS prioritized community well-being over image
- Marginalization of professional expertise
- Punishment for critical thinking and accountability
- Ethical refusal to continue accepting taxpayer dollars under these conditions

These departures were conscience-based exits, not routine turnover.

Systemic Findings

Taken together, the record demonstrates a repeatable institutional pattern:

1. Concerns raised in good faith
2. Leadership suppresses or ignores them
3. Collective notice is provided
4. Investigative and audit functions are deployed against individuals
5. Surveillance replaces accountability
6. Ethical professionals exit
7. Mismanagement persists

This represents a systemic governance failure, not an isolated dispute.

Homelessness, Housing and Supports Services Administration (HHSSA) Example

Homelessness, Housing and Supports Services Administration (HHSSA) manages the Housing Stabilization Services (HSS) program, now infamous for fraudulent activity.

Work on developing the HSS program began roughly in 2018. Early on, the HSS program was a part of Community Supports Administration (CSA) whose name changed to Behavioral Health, Housing and Deaf and Hard of Hearing Administration (BHDH) in mid-2022 with concerns identified. Concerns included the lack of programmatic integrity guardrails, unclear staffing roles, and complete disconnect between leadership and program activities. Throughout the life of the HSS program, there was little analysis done on HSS providers, billing and utilization rates, and overall integrity of the program. These concerns reached its height in late 2022 with staff sounding the alarm.

At this point, Eric Grumdahl was managing the HSS program and his response to staff was alarming. Fraud concerns about the HSS program were strongly dismissed and numerous employees experienced serious retaliation. Some staff consequently left their jobs due to the open hostility they faced.

In addition to concerns about HSS program integrity, there were major concerns about the conduct of Eric. There were concerns about hostility, alleged harassment and significant concerns about his competence to be leading BHDH. These concerns were so serious that DHS HR was contacted to remediate the matter but to no avail. As a result, groups of staff approached Minnesota Management and Budget (MMB) for assistance regarding Eric's conduct and submitted to interviews to outline the problems. Unfortunately, staff reported that there were no forthcoming results and a number of staff resigned due to the inability to continue working safely alongside Eric.

In response to major concerns about Eric Grumdahl, his inability to maintain a safe workplace culture and incompetence for his role in leading BHDH, Jodi Harpstead very abruptly created a new administration, that of HHSSA. This is widely seen as appeasing Eric and insulating him from scrutiny and essentially, shielding HSS program fraud from staff concerned about the program's integrity. This is a defining feature of Jodi Harpstead whereas when there are concerns about "protected leaders," she will most often create a new work area to shield and protect them at the cost of fraud, waste, and abuse.

As staff, we believe that if concerns about the HSS program were addressed sooner and retaliation were not so prevalent, fraud could have been stopped significantly sooner. Now, we have hundreds of millions of public funds lost to fraud and worst of all, the most vulnerable and homeless are suffering the most.

Request for Congressional Action

We respectfully request that Congress:

1. Investigate retaliation and suppression of whistleblowers at DHS
2. Examine the independence and scope of Internal Audits
3. Audit DHS's use of federal and state funds, including administrative expansion under employee culture including antiracism frameworks
4. Review surveillance and investigative practices used against employees
5. Strengthen and enforce protections for public servants reporting fraud, waste, and abuse
6. Investigate DHS use or abuse of data representation, including retention policies and data presented to courts, legislature, federal government and others

Minnesotans deserve ethical governance. Public servants deserve protection—not punishment—for acting with integrity.

We remain willing to provide additional information—not out of retaliation, but out of responsibility to the public trust. We submit this record in the hope that future public servants will not have to choose between their conscience and their livelihood.